

MARKET SUMMARY

Complete Recap of Today's Market Activity

Weaker Afternoon, But Still Uneventful

Market Summary: Saturday, December 28, 2024 - 7:53PM

Bonds began the day in decent shape by pushing back against weakness during European hours. MBS were briefly in just-barely-positive territory in the first hour. Things deteriorated very slowly, but very steadily after that. It took the entire trading session for MBS to give up an eighth of a point. 10yr Treasuries had it worse, with yields moving back up near yesterday morning's highs. Chalk that up to ongoing "curve steepening" (fancy talk for 10yr yields rising faster than 2yr yields, and combine that notion with the fact that the average mortgage trades more like a 5yr Treasury these days). Modest volatility aside, volume and [liquidity](#) remained "holiday low." Next week brings different risks, mainly due to the chance that some big traders will be able to reposition bond portfolios after 2024 is officially over. These could go either way. The bigger volatility risk won't show up until the delayed jobs report on Jan 10th.



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Latest Video Analysis



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MBS & Treasury Markets

UMBS 5.5	98.46	-0.10	10YR	4.626%	+0.049%	12/27/2024 5:00PM EST
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New Lows and Modest Reprice Risk

MBS are now down 2 ticks (.06) on the day and just barely an eighth of a point from the AM highs. Some later-pricing lenders released rates during those highs, so if they're feeling jumpy, they could technically justify a negative repricing.

That's not especially likely, but possible. With that in mind, if you weren't planning on locking today, there's no burning reason to do so. And if you were planning on locking, there's no reason to wait.

MBS MORNING: Weaker in Europe, But Reasonably Resilient in Early US Trading

MBS MORNING: Have You Heard The One About "Path of Least Resistance?"

Today's Mortgage Rates

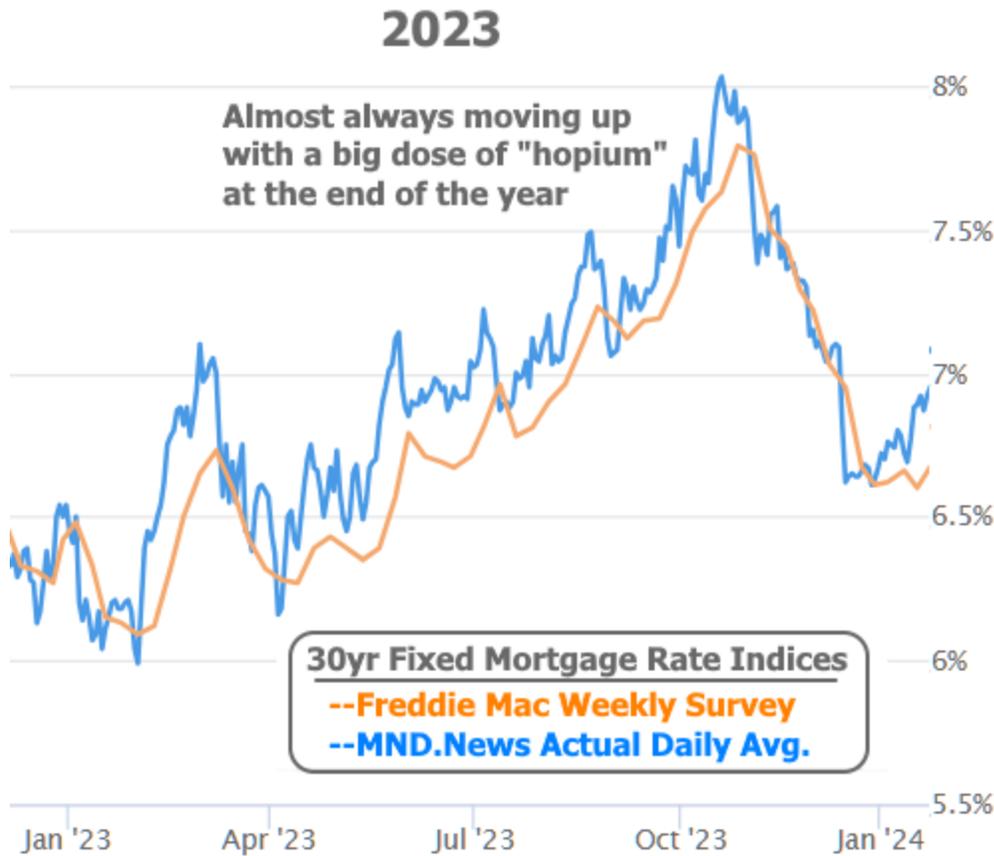
30YR Fixed 7.11% -0.01%

15YR Fixed 6.47% -0.01% 12/27/2024

Mortgage Rates Little Changed Today, This Year, And Over The Past 2 Years

didn't move much today, and markets have been very quiet due to the holiday week. So we'll take a quick moment for a retrospective.

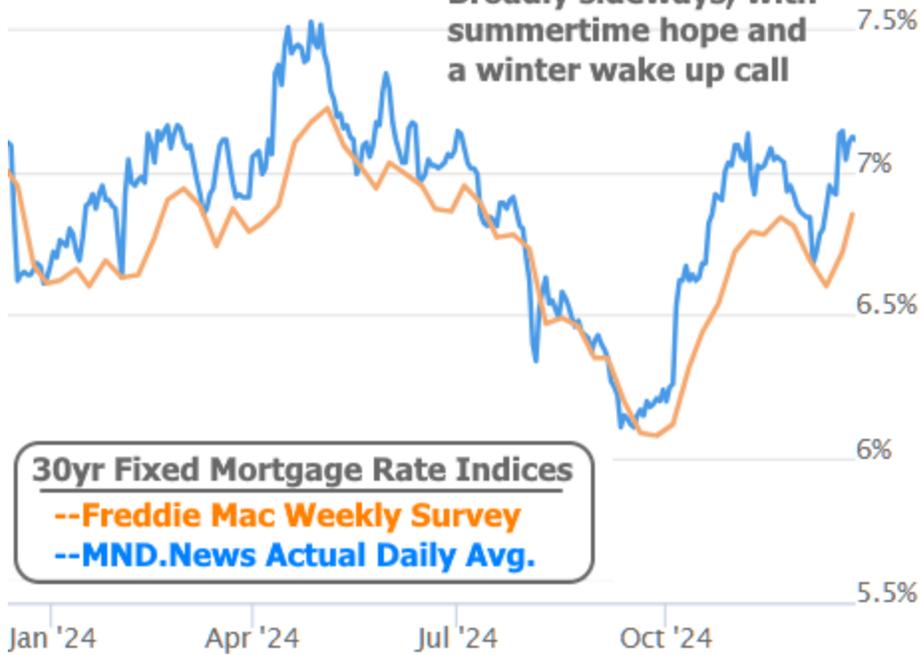
In September 2022, 30yr fixed mortgage rates crested 7% for the first time in more than 2 decades. The following year saw rates move momentarily under 6% and over 8% before returning to 7% by December. Surely, that broadly sideways performance in 2023 meant that a corner had been turned.



Up until the past few months, 2024 indeed looked like a decisively more hopeful year. To be fair, it was still better than 2023, but ultimately, just as sideways in the end.

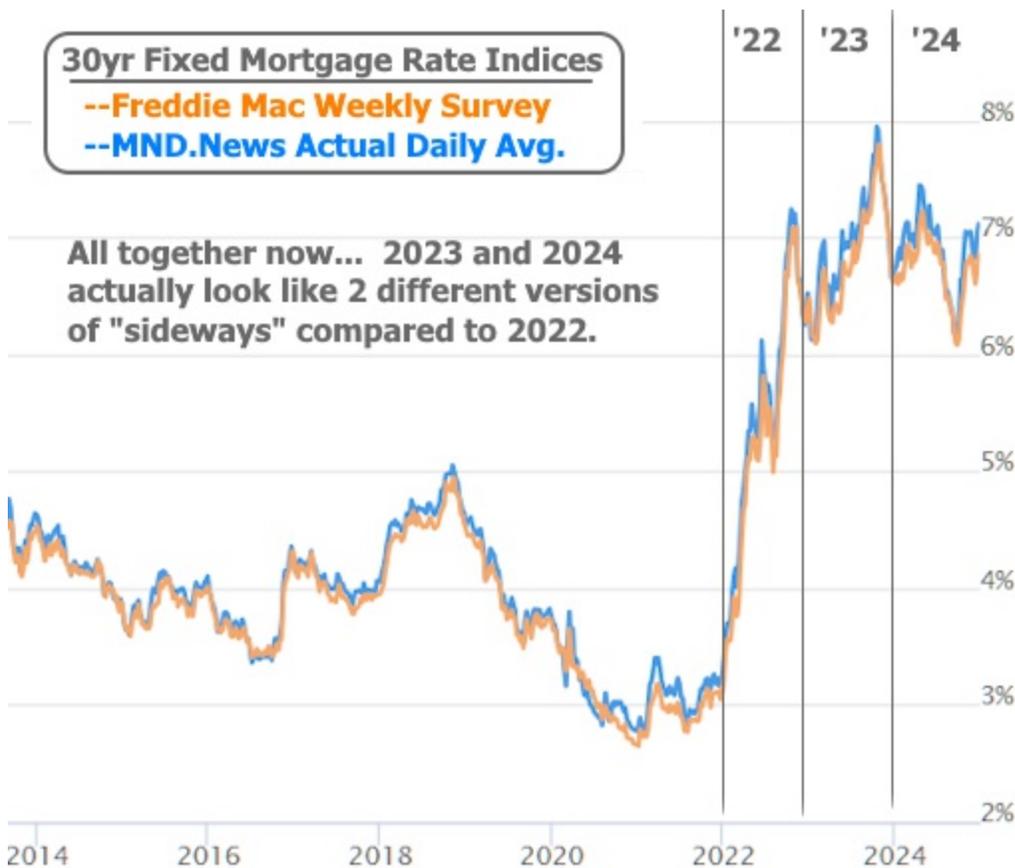
2024

Broadly sideways, with summertime hope and a winter wake up call



Will we find ourselves in the same position at the end of 2025? That depends on the state of the economy and inflation. The latter is of critical importance. Until and unless inflation sustainably returns to 2% or lower, longer term rates will have a very hard time making significant progress. Even then, the U.S. will need to avoid and preferably reverse the post-pandemic trend of heavy issuance of Treasuries--something that keeps rates elevated regardless of inflation or the economy.

If there's a saving grace, it's that this 3 year time frame (2022-2024) now looks a lot like 1980-1982 in terms of the trajectory of rates, and that was the big turning point for the only comparable episode in modern economic history.



Time	Event	Actual	Forecast	Prior
Friday, Dec 27				
8:30AM	Nov Retail Inventories Ex Autos MoM Adv	0.6%		0.1%
8:30AM	Nov Wholesale inventories mm (%) ☆	-0.2%	0.2%	0.2%
8:30AM	Nov Goods Trade Balance Adv	\$-102.86B	\$-100.7B	\$-99.08B
10:30AM	Dec/20 Nat gas-EIA, change bcf	-93Bcf	-99Bcf	-125Bcf
1:00PM	Dec/20 Crude Oil Inventory (ml)	-4.237M	-2M	-0.934M
1:00PM	Dec/20 EIA Crude Oil Imports Change	0.995M		-1.131M
1:00PM	Dec/20 EIA Distillate Stocks Change	-1.694M	-0.7M	-3.18M
1:00PM	Dec/20 EIA Cushing Crude Oil Stocks Change	-0.32M		0.108M
1:00PM	Dec/20 EIA Distillate Fuel Production Change	0.178M		-0.135M
1:00PM	Dec/20 EIA Refinery Crude Runs Change	0.205M		-0.048M
1:00PM	Dec/20 EIA Gasoline Production Change	0.051M		-0.173M
1:00PM	Dec/20 EIA Heating Oil Stocks Change	-0.062M		-0.304M
1:00PM	Dec/20 EIA Gasoline Stocks Change	1.63M	-1M	2.348M
1:00PM	Dec/27 Baker Hughes Oil Rig Count	483	483	483
1:00PM	Dec/27 Baker Hughes Total Rig Count	589		589
Monday, Dec 30				
9:45AM	Dec Chicago PMI ☆	36.9	42.5	40.2
10:00AM	Nov Pending Home Sales YoY	6.9%		5.4%
10:00AM	Nov Pending Home Sales (%) ☆	2.2%	0.7%	2%
10:30AM	Dec Dallas Fed Manufacturing Index	3.4		-2.7
11:30AM	26-Week Bill Auction (bl)	84		
11:30AM	6-Month Bill Auction	4.135%		4.170%
11:30AM	3-Month Bill Auction	4.230%		4.240%
11:30AM	26-Week Bill Auction (bl)	72		
1:00PM	26-Week Bill Auction (bl)	75		

Recent Housing News

- New Homes Sales Bounce Back After Hurricane Season
- Highest Existing Home Sales Since March
- Modest Refi Surge Was Fun While it Lasted

Let's Try Something New For 2025

"So long 2024. Don't let the door hit ya!" Or... "another year closer to turning a longer-term corner in the housing market." For better or worse, 2024 was a lot more like 2023 than most housing/mortgage pros were expecting. Existing home sales still have another month of reporting for 2024, but there's no result that would change the perception of this year being an almost perfect carbon copy ...

Mortgage Calculators

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